

VCS PROJECT REVIEW REPORT

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| Project ID | 1437 |
| Project Name | Alaçatı Wind Power Project, Turkey |
| Project Proponent | Egenda Ege Enerji Uretim A.S |
| Methodology | ACM0002 version 16.0.0, "Large scale Consolidated baseline methodology for grid-connected electricity generation from renewable sources" |
| Sectoral Scope(s) | 1. Energy industries (renewable/non-renewable sources) |
| Validation/Verification Body (VVB) | Bureau Veritas Certification Holding SAS |
| Registry | Markit |

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| Assessment Criteria | VCS Standard, v3.5; VCS Program Guide, v3.4; Registration & Issuance Process, v3.6; VCS Project Description template, v3.2; Validation Report template, v3.3; ACM0002 version 16.0.0 |
| Date of First Issue | 12 th May 2015 |
| Date of Final Issue | 8 th June 2015 |

Summary:

An accuracy review of the Alaçatı Wind Power Project, Turkey project registration request has been conducted by VCS in accordance with Section 4.3 of the *Registration and Issuance Process*.

The accuracy review has raised 4 assessment findings and 1 minor finding, detailed below. The VVB, in coordination with the project proponent, is hereby required to provide a response to the assessment findings presented in section 1. The 4 assessment findings must be addressed to the satisfaction of VCS. The VVB need not address the minor finding during this review. Please note though that where VCS finds consistent minor findings by the VVB in future reviews, minor findings shall be escalated to assessment findings.

This findings report may be made publically available, confidential information may be provided as separate attachments.

1 ASSESSMENT FINDINGS

Finding 1

Section 5.3.6 of the *VCS Standard v3.5* requires the VVB to adhere to all instructions in the VCS validation report template. Section 3.1 of the *VCS Validation Report template v3.3* requires the VVB to identify the project proponent and other entities involved in the project.

The VVB in section 3.1 of the validation report states that "*Other entities involved in the project are Future Camp Turkey handling the carbon consultancy on behalf of the project proponent*". This is inconsistent with section 1.4 of the project description, which makes no mention of Future Camp and instead states Lifenerji Ltd. Sti as the other entity involved in the project in the role of carbon consultants.

The VVB is requested to clarify which organization(s) qualify as other entities involved in the project and in what capacity. Please update the project documentation accordingly.

VVB Response:

Lifenerji Ltd. Sti. is qualified as other entities involved in the project in the role of carbon consultants and VCS validation report has been revised accordingly.

VCS Response:

The VVB's response clarifies that Lifenerji Ltd. Sti is the other entity involved in the project and not Future Camp. The validation report was also revised with the correct information and is now consistent with the project description. This finding is closed.

Finding 2

As per the *VCS Program Definitions v3.5*, "crediting period" is the time period for which GHG emission reductions or removals generated by the project are eligible for issuance as VCUs.

Section 1.6 of the project descriptions states: "*A two times renewable crediting period of 10 years 0 month shall apply*"

This suggests an intended crediting period of 30 years. However, section 1.4 of the validation report states that: "*The crediting period of the project of the project activity is 10 years 0 months which may be renewed once. The crediting period will be 20 years and 0 month in total.*"

The VVB is requested to please clarify which is the correct crediting period and to make the appropriate corrections to the relevant project documentation.

VVB Response:

The renewal interval and total time of the crediting period of the project activity are revised on summary and 1.4 section of the VCS validation report.

VCS Response:

The VVB has clarified that the intended crediting period is 10 years twice renewable, to a total of 30 years. The validation report was also revised with the correct information and is now consistent with the project description. This finding is closed.

Finding 3

Section 5.3.1(1) of the *VCS Standard* requires that validation and verification have a level of assurance that is reasonable.

Section 1.3 of the verification report states that the level of assurance is “*high*”. As it is uncertain what the definition of “*high*” is, the VVB is requested to please clarify whether the audit was conducted to a reasonable level of assurance.

VVB Response:

The validation of the Alaçatı Wind Power Project, Turkey disclosed in the VCS validation report as a result of validation audit held on the basis of VCS Standard, v3.5; VCS Program Guide, v3.4; and Registration & Issuance Process, v3.6 has been verified with reasonable assurance.

VCS Response:

The VVB has clarified that the level assurance for the validation is ‘reasonable’, which is in line with VCS rules. The validation was also revised with the correct information. This finding is closed.

Finding 4

Section 3.18.2 of the *VCS Standard v3.4* states that “*the validation/verification body shall check that any information designated by the project proponent as commercially sensitive meets the VCS Program definition of commercially sensitive information. Information in the project documents related to the determination of the baseline scenario, demonstration of additionality and estimation and monitoring of GHG emission reductions and removals shall not be considered to be commercially sensitive and shall be provided in the public versions of the project documents.*”

The VVB in section 2.2 of the validation report includes a list of four items of information that are commercially sensitive, including a “*spreadsheet of baseline calculations*”.

This is inconsistent with Section 1.13 of the project description which makes no reference to the spreadsheet of baseline calculations.

The VVB is requested to clarify this inconsistency and how it was assessed to be appropriate that the spreadsheet of baseline calculations can be designated as commercially sensitive, given it is related

to the estimation of GHG emission reductions.

VVB Response:

“*Spreadsheet of baseline calculations*” should not be in a list of items of information that are commercially sensitive. Although the validation team had already confirmed the parameters used for the baseline calculations and their relevant sources through the spreadsheet of baseline calculations, we made a mistake here. Therefore, relevant item has been removed from the list of information that are commercially sensitive under section 2.2 of the VCS validation report.

VCS Response:

The VVB has clarified that the ‘*spreadsheet of baseline calculations*’ is not commercially sensitive and the validation report was revised with the error removed. This finding is closed.

2 MINOR FINDINGS

Finding 1

Section 3 of the *VCS Registration and Issuance Process* states that “*Projects shall be listed on the project pipeline before the opening meeting between the validation/verification body and the project proponent (such opening meeting representing the beginning of the validation process). The validation/verification body is responsible for checking that the project is listed on the project pipeline and shall not conduct the opening meeting or otherwise begin validation until such time as the project is listed*”.

The project listing representation was signed on 06/04/15 shortly prior to the project requesting registration, this and the site visit date indicates that validation work began on the project before it was actually listed on the VCS pipeline.

The VVB is requested to follow all guidance provided in the *VCS Registration and Issuance Process* in the future and ensure the project is listed on the VCS pipeline before conducting any work on the project.

3 ASSESSMENT CONCLUSION

On 12th May 2015, VCS raised four assessment findings and one minor finding after the initial accuracy review. On 5th June 2015, VCS received a response to the assessment findings from the VVB, which provided clarification regarding the other entities involved in the project, the intended crediting period, the level of assurance of the validation and commercially sensitive documents. The VVB also submitted a revised validation report that corrected the errors which caused the original findings. As a result, VCS was able to close the review process on 8th June 2015. The VVB is encouraged to take into consideration the non-conformance raised by the minor finding regarding the failure of the project to list on the VCS pipeline prior to the start of validation activities.